



General Assembly

January Session, 2003

**Committee Bill No. 5099**

LCO No. 3271

Referred to Committee on Judiciary

Introduced by:  
(JUD)

**AN ACT CONCERNING ARTICLE 9 OF THE UNIFORM COMMERCIAL  
CODE REGARDING SECURED TRANSACTIONS.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Subsection (e) of section 42a-9-103a of the general statutes  
2 is repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2003*):

4 (e) (1) In a transaction other than a consumer-goods transaction, if  
5 the extent to which a security interest is a purchase-money security  
6 interest depends on the application of a payment to a particular  
7 obligation, the payment must be applied:

8 (A) In accordance with any reasonable method of application to  
9 which the parties agree;

10 (B) In the absence of the parties' agreement to a reasonable method,  
11 in accordance with any intention of the obligor manifested at or before  
12 the time of payment; or

13 (C) In the absence of an agreement to a reasonable method and a  
14 timely manifestation of the obligor's intention, in the following order:

15 (i) To obligations that are not secured; and

16 (ii) If more than one obligation is secured, to obligations secured by  
17 purchase-money security interests in the order in which those  
18 obligations were incurred.

19 (2) In a consumer-goods transaction, if the extent to which a security  
20 interest is a purchase-money security interest depends on the  
21 application of a payment to a particular obligation:

22 (A) The payment must be applied so that the secured party retains  
23 no purchase money security interest in any property as to which the  
24 secured party has recovered payments aggregating the amount of the  
25 sale price including any finance charges attributable thereto; and

26 (B) For the purposes of this [subsection] subdivision only, in the case  
27 of items purchased on different dates, the first item purchased shall be  
28 deemed the first paid for and, in the case of items purchased on the  
29 same date, the lowest priced item shall be deemed the first paid for.

30 Sec. 2. Subsection (c) of section 42a-9-109 of the general statutes is  
31 repealed and the following is substituted in lieu thereof (*Effective*  
32 *October 1, 2003*):

33 (c) This article does not apply to the extent that:

34 (1) A statute, regulation or treaty of the United States preempts this  
35 article;

36 (2) Another statute of this state expressly governs the creation,  
37 perfection, priority or enforcement of a security interest created by this  
38 state or a governmental unit of this state;

39 [(2)] (3) A statute of another state, a foreign country or a  
40 governmental unit of another state or a foreign country, other than a  
41 statute generally applicable to security interests, expressly governs  
42 creation, perfection, priority or enforcement of a security interest

43 created by the state, country or governmental unit; or

44 [(3)] (4) The rights of a transferee beneficiary or nominated person  
45 under a letter of credit are independent and superior under section  
46 42a-5-114.

47 Sec. 3. Subsection (d) of section 42a-9-109 of the general statutes is  
48 repealed and the following is substituted in lieu thereof (*Effective*  
49 *October 1, 2003*):

50 (d) This article does not apply to:

51 (1) A landlord's lien, other than an agricultural lien;

52 (2) A lien, other than an agricultural lien, given by statute or other  
53 rule of law for services or materials, but section 42a-9-333 applies with  
54 respect to priority of the lien;

55 (3) An assignment of a claim for wages, salary or other  
56 compensation of an employee;

57 (4) A sale of accounts, chattel paper, payment intangibles or  
58 promissory notes as part of a sale of the business out of which they  
59 arose;

60 (5) An assignment of accounts, chattel paper, payment intangibles or  
61 promissory notes which is for the purpose of collection only;

62 (6) An assignment of a right to payment under a contract to an  
63 assignee that is also obligated to perform under the contract;

64 (7) An assignment of a single account, payment intangible or  
65 promissory note to an assignee in full or partial satisfaction of a  
66 preexisting indebtedness;

67 (8) A transfer of an interest in or an assignment of a claim under a  
68 policy of insurance, other than an assignment by or to a health-care  
69 provider of a health-care-insurance receivable and any subsequent

70 assignment of the right to payment, but sections 42a-9-315 and 42a-9-  
71 322 apply with respect to proceeds and priorities in proceeds;

72 (9) An assignment of a right represented by a judgment, other than a  
73 judgment taken on a right to payment that was collateral;

74 (10) A right of recoupment or set-off, but:

75 (A) Section 42a-9-340 applies with respect to the effectiveness of  
76 rights of recoupment or set-off against deposit accounts; and

77 (B) Section 42a-9-404 applies with respect to defenses or claims of an  
78 account debtor;

79 (11) The creation or transfer of an interest in or lien on real property,  
80 including a lease or rents thereunder, except to the extent that  
81 provision is made for:

82 (A) Liens on real property in sections 42a-9-203 and 42a-9-308;

83 (B) Fixtures in section 42a-9-334;

84 (C) Fixture filings in sections 42a-9-501, 42a-9-502, 42a-9-512, 42a-9-  
85 516 and 42a-9-519; and

86 (D) Security agreements covering personal and real property in  
87 section 42a-9-604;

88 (12) An assignment of a claim arising in tort, other than a  
89 commercial tort claim, but sections 42a-9-315 and 42a-9-322 apply with  
90 respect to proceeds and priorities in proceeds;

91 (13) An assignment of a deposit account in a consumer transaction,  
92 but sections 42a-9-315 and 42a-9-322 apply with respect to proceeds  
93 and priorities in proceeds;

94 [(14) A transfer by a government or government subdivision or  
95 agency of this state;]

96     [(15)] (14) An assignment of workers' compensation benefits  
97     governed by section 31-320; or

98     [(16)] (15) A security interest in a deposit account that is a payroll  
99     account or a trust account and which is titled or otherwise clearly  
100    identifiable as such an account, except that this article shall not be  
101    inapplicable to a security interest in a deposit account solely due to the  
102    fact that the debtor is a statutory trust formed, or a foreign statutory  
103    trust registered, under chapter 615.

104    Sec. 4. Subsection (a) of section 42a-9-311 of the general statutes is  
105    repealed and the following is substituted in lieu thereof (*Effective*  
106    *October 1, 2003*):

107    (a) Except as otherwise provided in subsection (d) of this section,  
108    the filing of a financing statement is not necessary or effective to  
109    perfect a security interest in property subject to:

110    (1) A statute, regulation or treaty of the United States whose  
111    requirements for a security interest's obtaining priority over the rights  
112    of a lien creditor with respect to the property preempt subsection (a) of  
113    section 42a-9-310;

114    (2) Any certificate-of-title statute covering automobiles, trailers,  
115    mobile homes, boats, farm tractors or the like, which provides for a  
116    security interest to be indicated on the certificate as a condition or  
117    result of perfection, and any non-Uniform Commercial Code [central]  
118    filing statute, including chapter 247, section 21-67a, section 49-5,  
119    chapter 282 and chapter 283; or

120    (3) A certificate-of-title statute of another jurisdiction which  
121    provides for a security interest to be indicated on the certificate as a  
122    condition or result of the security interest's obtaining priority over the  
123    rights of a lien creditor with respect to the property.

124    Sec. 5. Subsection (d) of section 42a-9-311 of the general statutes is  
125    repealed and the following is substituted in lieu thereof (*Effective*

126     *October 1, 2003*):

127         (d) During any period in which collateral subject to a statute  
128         specified in subdivision (2) of subsection (a) of this section is inventory  
129         held for sale or lease by a person or leased by that person as lessor and  
130         that person is in the business of selling [or leasing] goods of that kind,  
131         this section does not apply to a security interest in that collateral  
132         created by that person.

133         Sec. 6. Section 42a-9-406 of the general statutes is repealed and the  
134         following is substituted in lieu thereof (*Effective October 1, 2003*):

135         (a) Subject to subsections (b) to (i), inclusive, an account debtor on  
136         an account, chattel paper or a payment intangible may discharge its  
137         obligation by paying the assignor until, but not after, the account  
138         debtor receives a notification, authenticated by the assignor or the  
139         assignee, that the amount due or to become due has been assigned and  
140         that payment is to be made to the assignee. After receipt of the  
141         notification, the account debtor may discharge its obligation by paying  
142         the assignee and may not discharge the obligation by paying the  
143         assignor. An assignor who receives payment after notification is given  
144         must return the payment to the account debtor or forward the  
145         payment to the assignee.

146         (b) Subject to subsection (h), notification is ineffective under  
147         subsection (a):

148             (1) If it does not reasonably identify the rights assigned;

149             (2) To the extent that an agreement between an account debtor and a  
150             seller of a payment intangible limits the account debtor's duty to pay a  
151             person other than the seller and the limitation is effective under law  
152             other than this article; or

153             (3) At the option of an account debtor, if the notification notifies the  
154             account debtor to make less than the full amount of any installment or  
155             other periodic payment to the assignee, even if:

156 (A) Only a portion of the account, chattel paper or payment  
157 intangible has been assigned to that assignee;

158 (B) A portion has been assigned to another assignee; or

159 (C) The account debtor knows that the assignment to that assignee  
160 is limited.

161 (c) Subject to subsection (h), if requested by the account debtor, an  
162 assignee shall seasonably furnish reasonable proof that the assignment  
163 has been made. Unless the assignee complies, the account debtor may  
164 discharge its obligation by paying the assignor, even if the account  
165 debtor has received a notification under subsection (a).

166 (d) Except as otherwise provided in subsection (e) and in section  
167 42a-2A-403 and section 42a-9-407, and subject to subsection (h), a term  
168 in an agreement between an account debtor and an assignor or in a  
169 promissory note is ineffective to the extent that it:

170 (1) Prohibits, restricts or requires the consent of the account debtor  
171 or person obligated on the promissory note to the assignment or  
172 transfer of, or the creation, attachment, perfection or enforcement of a  
173 security interest in, the account, chattel paper, payment intangible or  
174 promissory note; or

175 (2) Provides that the assignment or transfer or the creation,  
176 attachment, perfection or enforcement of the security interest may give  
177 rise to a default, breach, right of recoupment, claim, defense,  
178 termination, right of termination or remedy under the account, chattel  
179 paper, payment intangible or promissory note.

180 (e) Subsection (d) does not apply to the sale of a payment intangible  
181 or promissory note.

182 (f) Except as otherwise provided in section 42a-2A-403 and section  
183 42a-9-407, and subject to subsections (h) and (i), a rule of law, statute or  
184 regulation that prohibits, restricts or requires the consent of a

185 government, governmental body or official or account debtor to the  
186 assignment or transfer of, or creation of a security interest in, an  
187 account or chattel paper is ineffective to the extent that the rule of law,  
188 statute or regulation:

189 (1) Prohibits, restricts or requires the consent of the government,  
190 governmental body or official or account debtor to the assignment or  
191 transfer of, or the creation, attachment, perfection or enforcement of a  
192 security interest in the account or chattel paper; or

193 (2) Provides that the assignment or transfer or the creation,  
194 attachment, perfection or enforcement of the security interest may give  
195 rise to a default, breach, right of recoupment, claim, defense,  
196 termination, right of termination or remedy under the account or  
197 chattel paper.

198 (g) Subject to subsection (h), an account debtor may not waive or  
199 vary its option under subdivision (3) of subsection (b).

200 (h) This section is subject to law other than this article which  
201 establishes a different rule for an account debtor who is an individual  
202 and who incurred the obligation primarily for personal, family or  
203 household purposes.

204 (i) Except as provided in subsection (j) of this section, this section  
205 prevails over any inconsistent provision of any statute or regulation of  
206 this state unless the provision is contained in a statute of this state,  
207 refers expressly to this section and states that the provision prevails  
208 over this section.

209 [(i)] (j) (1) This section does not apply to:

210 (A) An assignment of a health-care-insurance receivable;

211 (B) An assignment or transfer of or creation of a security interest in:

212 (i) A claim or right to receive compensation for injuries or sickness



213 as described in 26 USC 104(a)(1) or (2), as amended from time to time,  
214 or

215 (ii) A claim or right to receive benefits under a special needs trust as  
216 described in 42 USC 1396p(d)(4), as amended from time to time.

217 (2) Subsection (f) of this section does not apply to an assignment or  
218 transfer of, or the creation, attachment, perfection or enforcement of a  
219 security interest in, a right the transfer of which is prohibited or  
220 restricted by any of the following statutes to the extent that the statute  
221 is inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

222 Sec. 7. Section 42a-9-407 of the general statutes is repealed and the  
223 following is substituted in lieu thereof (*Effective October 1, 2003*):

224 (a) Except as otherwise provided in subsection (b), a term in a lease  
225 agreement is ineffective to the extent that it:

226 (1) Prohibits, restricts or requires the consent of a party to the lease  
227 to the assignment or transfer of, or the creation, attachment, perfection  
228 or enforcement of a security interest in, an interest of a party under the  
229 lease contract or in the lessor's residual interest in the goods; or

230 (2) Provides that the assignment or transfer or the creation,  
231 attachment, perfection or enforcement of the security interest may give  
232 rise to a default, breach, right of recoupment, claim, defense,  
233 termination, right of termination or remedy under the lease.

234 (b) Except as otherwise provided in subsection [(g)] (c) of section  
235 42a-2A-403, a term described in subdivision (2) of subsection (a) is  
236 effective to the extent that there is:

237 (1) A transfer by the lessee of the lessee's right of possession or use  
238 of the goods in violation of the term; or

239 (2) A delegation of a material performance of either party to the  
240 lease contract in violation of the term.

241 (c) The creation, attachment, perfection or enforcement of a security  
242 interest in the lessor's interest under the lease contract or the lessor's  
243 residual interest in the goods is not a transfer that materially impairs  
244 the lessee's prospect of obtaining return performance or materially  
245 changes the duty of or materially increases the burden or risk imposed  
246 on the lessee within the purview of subsection [(d)] (e) of section 42a-  
247 2A-403 unless, and then only to the extent that, enforcement actually  
248 results in a delegation of material performance of the lessor.

249 Sec. 8. Subsection (f) of section 42a-9-408 of the general statutes is  
250 repealed and the following is substituted in lieu thereof (*Effective*  
251 *October 1, 2003*):

252 (f) (1) This section does not apply to an assignment or transfer of, or  
253 the creation, attachment or perfection of a security interest in:

254 [(i)] (A) A claim or right to receive compensation for injuries or  
255 sickness as described in 26 USC 104(a)(1) or (2), as amended from time  
256 to time, or

257 [(ii)] (B) A claim or right to receive benefits under a special needs  
258 trust as described in 42 USC 1396p(d)(4), as amended from time to  
259 time.

260 (2) Subsection (c) of this section does not apply to an assignment or  
261 transfer of, or the creation, attachment [,] or perfection [or  
262 enforcement] of a security interest in, a right the transfer of which is  
263 prohibited or restricted by any of the following statutes to the extent  
264 that the statute is inconsistent with said subsection: Section 12-831, 31-  
265 320 or 52-225f.

266 Sec. 9. Section 42a-9-501 of the general statutes is repealed and the  
267 following is substituted in lieu thereof (*Effective October 1, 2003*):

268 (a) Except as otherwise provided in subsection (b), if the local law of  
269 this state governs perfection of a security interest or agricultural lien,  
270 the office in which to file a financing statement to perfect the security

271 interest or agricultural lien is:

272 (1) The office designated for the filing or recording of a record of a  
273 mortgage on the related real property, if:

274 (A) The collateral is as-extracted collateral or timber to be cut; or

275 (B) The financing statement is filed as a fixture filing and the  
276 collateral is goods that are or are to become fixtures; or

277 (2) The Office of the Secretary of the State, in all other cases,  
278 including a case in which the collateral is goods that are or are to  
279 become fixtures and the financing statement is not filed as a fixture  
280 filing.

281 (b) The office in which to file a financing statement to perfect a  
282 security interest in collateral, including fixtures, of a transmitting  
283 utility is the Office of the Secretary of the State. The financing  
284 statement also constitutes a fixture filing as to the collateral indicated  
285 in the financing statement which is or is to become fixtures.

286 (c) Whenever there is a reference in this article to the filing of a  
287 record in the filing office described in subdivision (1) of subsection (a)  
288 of section 42a-9-501, it shall be deemed to refer to the recording of a  
289 record in said office.

290 Sec. 10. Subsection (a) of section 42a-9-512 of the general statutes is  
291 repealed and the following is substituted in lieu thereof (*Effective*  
292 *October 1, 2003*):

293 (a) Subject to section 42a-9-509, a person may add or delete  
294 collateral covered by, continue or terminate the effectiveness of, or,  
295 subject to subsection (e), otherwise amend the information provided  
296 in, a financing statement by filing an amendment that:

297 (1) Identifies, by its file number, the initial financing statement to  
298 which the amendment relates; or

299 (2) If the amendment relates to an initial financing statement  
300 recorded in a filing office described in subdivision (1) of subsection (a)  
301 of section 42a-9-501, identifies the initial financing statement to which  
302 the amendment relates by book and page number on which or the date  
303 and time that the initial financing statement was recorded.

304 Sec. 11. Subsection (b) of section 42a-9-515 of the general statutes is  
305 repealed and the following is substituted in lieu thereof (*Effective*  
306 *October 1, 2003*):

307 (b) Except as otherwise provided in subsections (e), (f) and (g), an  
308 initial financing statement filed in connection with a public finance  
309 transaction or manufactured-home transaction is effective for a period  
310 of thirty years after the date of filing if it indicates that it is filed in  
311 connection with a public finance transaction or manufactured-home  
312 transaction.

313 Sec. 12. Subsection (b) of section 42a-9-518 of the general statutes is  
314 repealed and the following is substituted in lieu thereof (*Effective*  
315 *October 1, 2003*):

316 (b) A correction statement must:

317 (1) Identify the record to which it relates by:

318 (A) The file number assigned to the initial financing statement to  
319 which the record relates; or

320 (B) If the correction statement relates to a record recorded in a filing  
321 office described in subdivision (1) of subsection (a) of section 42a-9-  
322 501, the book and page number on which or the date and time that the  
323 initial financing statement was recorded;

324 (2) Indicate that it is a correction statement; and

325 (3) Provide the basis for the person's belief that the record is  
326 inaccurate and indicate the manner in which the person believes the

327 record should be amended to cure any inaccuracy or provide the basis  
328 for the person's belief that the record was wrongfully filed.

329 Sec. 13. Subsection (d) of section 42a-9-519 of the general statutes is  
330 repealed and the following is substituted in lieu thereof (*Effective*  
331 *October 1, 2003*):

332 (d) (1) If a financing statement is filed as a fixture filing or covers as-  
333 extracted collateral or timber to be cut, the filing office shall index an  
334 assignment filed under subsection (a) of section 42a-9-514 or an  
335 amendment filed under subsection (b) of section 42a-9-514:

336 ~~[(1)]~~ (A) In the grantor index under the name of the assignor as  
337 grantor; and

338 ~~[(2)]~~ (B) In the grantee index under the name of the assignee as  
339 grantee.

340 (2) The filing officer shall also enter upon the margin of the record  
341 of such initial financing statement a notation of the record of the  
342 subsequent assignment or amendment and of any continuation  
343 statement, termination statement or correction statement.

344 Sec. 14. Section 42a-9-523 of the general statutes is repealed and the  
345 following is substituted in lieu thereof (*Effective October 1, 2003*):

346 (a) If a person that files or records a written record requests an  
347 acknowledgment of the filing or recording, the filing office, in the case  
348 of a filing office described in subdivision (2) of subsection (a) of section  
349 42a-9-501, shall send to the person an acknowledgment of the filing of  
350 the record showing the number assigned to the record pursuant to  
351 subdivision (1) of subsection (a) of section 42a-9-519 and the date and  
352 time of the filing of the record and, in the case of a filing office  
353 described in subdivision (1) of subsection (a) of section 42a-9-501, shall  
354 send to the person an acknowledgment of the ~~[filing]~~ recording of the  
355 record showing the book and page number and the date and time of  
356 the ~~[filing]~~ recording of the record.

357 (b) If a person files or records a record other than a written record,  
358 the filing office shall communicate to the person an acknowledgment  
359 that provides:

360 (1) The information in the record;

361 (2) In the case of a filing office described in subdivision (2) of  
362 subsection (a) of section 42a-9-501, the number assigned to the record  
363 pursuant to subdivision (1) of subsection (a) of section 42a-9-519 or, in  
364 the case of a filing office described in subdivision (1) of subsection (a)  
365 of section 42a-9-501, the book and page number assigned to the record;  
366 and

367 (3) The date and time of the filing or recording of the record.

368 (c) The filing office shall communicate or otherwise make available  
369 in a record the following information to any person that requests it:

370 (1) Whether there is on file on a date and time specified by the filing  
371 office, but not a date earlier than six business days before the filing  
372 office receives the request, any financing statement that:

373 (A) Designates a particular debtor;

374 (B) Has not lapsed under section 42a-9-515 with respect to all  
375 secured parties of record; and

376 (C) If the request so states, has lapsed under section 42a-9-515 and a  
377 record of which is maintained by the filing office under subsection (a)  
378 of section 42a-9-522;

379 (2) The date and time of filing of each financing statement; and

380 (3) The information provided in each financing statement, except  
381 that the filing office is not required to transcribe information that is  
382 otherwise available concerning collateral.

383 (d) In complying with its duty under subsection (c), the filing office

384 may communicate information in any medium. However, if requested,  
385 the filing office shall communicate information by issuing its written  
386 certificate.

387 (e) The filing office described in subdivision (2) of subsection (a) of  
388 section 42a-9-501 shall perform the acts required by subsections (a) to  
389 (d), inclusive, at the time and in the manner prescribed by filing-office  
390 regulation, but not later than five business days after the filing office  
391 receives the request.

392 (f) At least monthly, the [Secretary of the State] filing office  
393 described in subdivision (2) of subsection (a) of section 42a-9-501, as  
394 amended by this act, shall offer to sell or license to the public on a  
395 nonexclusive basis, in bulk, copies of all records filed in it under this  
396 part in every medium from time to time available to the filing office  
397 described in subdivision (2) of subsection (a) of section 42a-9-501.

398 Sec. 15. Section 42a-9-525 of the general statutes is repealed and the  
399 following is substituted in lieu thereof (*Effective October 1, 2003*):

400 (a) The [Secretary of the State] filing office described in subdivision  
401 (2) of subsection (a) of section 42a-9-501, as amended by this act, shall  
402 charge and collect the following uniform fee: For filing and indexing  
403 an initial financing statement, a correction statement or an  
404 amendment, twenty-five dollars. No fee shall be charged (1) to the  
405 state when the initial financing statement, correction statement or  
406 amendment is filed by or at the request of the Attorney General or an  
407 assistant attorney general or by a duly authorized official of the state  
408 or any of its agencies, boards or commissions acting in an official  
409 capacity, or (2) to a municipality when the initial financing statement,  
410 correction statement or amendment is filed by a tax collector or other  
411 municipal officer of such municipality pursuant to the provisions of  
412 sections 12-195a to 12-195g, inclusive, or (3) for any filing  
413 accomplished solely by electronic means and without the physical  
414 submission of any document, instrument or paper, in accordance with  
415 a plan approved by the Secretary of the State.

416 (b) The uniform fee for responding to a request for information from  
417 the filing office described in subdivision (2) of subsection (a) of section  
418 42a-9-501, as amended by this act, including issuing a certificate  
419 showing whether there is on file, on the date and [hour] time stated  
420 therein, any financing statement naming a particular debtor and any  
421 amendment thereof and, if there is, giving the date and hour of filing  
422 such amendment and the name and address of each secured party  
423 named therein, is twenty-five dollars. Upon request, the filing officer  
424 shall furnish a photographic or electronic copy of any filed financing  
425 statement or amendment for a uniform fee of twenty dollars regardless  
426 of the number of pages and affix such filing officer's certification and  
427 official seal thereto for a fee of five dollars. No fee shall be charged to  
428 the state when a certificate showing whether there is on file, on the  
429 date and hour stated therein, any presently effective financing  
430 statement naming a particular debtor and any amendment thereof, is  
431 requested by the Attorney General or an assistant attorney general or  
432 by [an] a duly authorized official of the state or any of its agencies,  
433 boards or commissions acting in an official capacity, and no fee shall  
434 be charged to a municipality when such certificate is requested by the  
435 tax collector or other municipal officer of such municipality pursuant  
436 to the provisions of sections 12-195a to 12-195g, inclusive.

437 (c) This section does not require a fee with respect to a record of a  
438 mortgage which is effective as a financing statement filed as a fixture  
439 filing or as a financing statement covering as-extracted collateral or  
440 timber to be cut under subsection (c) of section 42a-9-502. However, the  
441 recording and satisfaction fees that otherwise would be applicable to  
442 the record of the mortgage apply.

443 Sec. 16. Subsection (a) of section 42a-9-609 of the general statutes is  
444 repealed and the following is substituted in lieu thereof (*Effective*  
445 *October 1, 2003*):

446 (a) After default, a secured party:

447 (1) May take possession of the collateral; and



448 (2) Without removal, may render equipment unusable and dispose  
449 of collateral on a debtor's premises under section 42a-9-610.

450 Sec. 17. Subsection (d) of section 42a-9-609 of the general statutes is  
451 repealed and the following is substituted in lieu thereof (*Effective*  
452 *October 1, 2003*):

453 (d) (1) In this subsection, "electronic self-help" means the use of  
454 electronic means to exercise a secured party's rights pursuant to  
455 subsection (a) of this section with respect to the security agreement,  
456 and "electronic" means relating to technology that has electrical,  
457 digital, magnetic or wireless optical electromagnetic properties or  
458 similar capabilities. "Electronic self-help" includes the use of electronic  
459 means to locate the collateral.

460 (2) Electronic self-help is permitted only if the debtor separately  
461 agrees to a term of the security agreement authorizing electronic self-  
462 help that requires notice of exercise as provided in subdivision (3) of  
463 this subsection. The debtor is deemed to have separately agreed to a  
464 term of the security agreement authorizing electronic self-help if a  
465 clause is included in the security agreement authenticated by the  
466 debtor that specifically states that electronic self-help is authorized.

467 (3) Before resorting to electronic self-help authorized by a term of  
468 the security agreement, the secured party shall give notice to the  
469 debtor stating:

470 [(i)] (A) That the secured party intends to resort to electronic self-  
471 help as a remedy on or after fifteen days following communication of  
472 the notice to the debtor;

473 [(ii)] (B) The nature of the claimed breach which entitled the secured  
474 party to resort to self-help; and

475 [(iii)] (C) The name, title, address and telephone number of a person  
476 representing the secured party with whom the debtor may  
477 communicate concerning the security interest.

478 (4) A debtor may recover direct and incidental damages caused by  
479 wrongful use of electronic self-help. The debtor may also recover  
480 consequential damages for wrongful use of electronic self-help even if  
481 such damages are excluded by the terms of the security agreement.

482 (5) Even if the secured party complies with subdivisions (2) and (3)  
483 of this subsection, electronic self-help may not be used if the secured  
484 party has reason to know that its use will result in substantial injury or  
485 harm to the public health or safety or grave harm to the public interest  
486 substantially affecting third parties not involved in the dispute.

487 Sec. 18. Section 14-167 of the general statutes is repealed and the  
488 following is substituted in lieu thereof (*Effective October 1, 2003*):

489 This chapter does not apply to or affect: [(a)] (1) A lien given by  
490 statute or rule of law to a supplier of services or materials for the  
491 vehicle; [(b)] (2) a lien given by statute to the United States, this state or  
492 any political subdivision of this state; [(c)] (3) a security interest in a  
493 vehicle created by a manufacturer or dealer who holds the vehicle for  
494 sale, but a buyer in the ordinary course of business, as defined in  
495 subdivision (9) of section 42a-1-201, takes free of the security interest,  
496 as stated in section 42a-9-320; or (4) a security interest in a vehicle that  
497 is inventory held for sale or lease by a person or leased by that person  
498 as lessor and that person is in the business of selling vehicles, as  
499 provided in subsection (d) of section 42a-9-311, as amended by this act.

500 Sec. 19. Subsection (b) of section 16-245k of the general statutes is  
501 repealed and the following is substituted in lieu thereof (*Effective*  
502 *October 1, 2003*):

503 (b) A valid and enforceable security interest in transition property is  
504 perfected when it has attached and when a financing statement has  
505 been filed in accordance with part 5 of article 9 of title 42a naming the  
506 pledgor of the transition property as "debtor" and identifying the  
507 transition property. In such case, the financing statement shall be filed  
508 as if the debtor were located in this state. Any description of the

509 transition property shall be sufficient if it refers to the financing order  
510 creating the transition property. [In each case, the financing statement  
511 shall be filed as if the debtor were located in this state.] A copy of the  
512 financing statement shall be filed with the department by the electric  
513 company or electric distribution company that is the pledgor or  
514 transferor of the transition property, and the department may require  
515 the electric company or electric distribution company to make other  
516 filings with respect to the security interest in accordance with  
517 procedures it may establish, provided that the filings shall not affect  
518 the perfection of the security interest.

519 Sec. 20. Subsection (j) of section 16-245k of the general statutes is  
520 repealed and the following is substituted in lieu thereof (*Effective*  
521 *October 1, 2003*):

522 (j) As between bona fide assignees of the same right for value  
523 without notice, the assignee first filing a financing statement in  
524 accordance with part 5 of article 9 of title 42a naming the assignor of  
525 the transition property as debtor and identifying the transition  
526 property has priority. In [each] such case, the financing statement shall  
527 be filed as if the debtor were located in this state. Any description of  
528 the transition property shall be sufficient if it refers to the financing  
529 order creating the transition property. A copy of the financing  
530 statement shall be filed by the assignee with the department, and the  
531 department may require the assignor or the assignee to make other  
532 filings with respect to the transfer in accordance with procedures it  
533 may establish, but these filings shall not affect the perfection of the  
534 transfer.

535 Sec. 21. Subsection (b) of section 36a-770 of the general statutes is  
536 repealed and the following is substituted in lieu thereof (*Effective*  
537 *October 1, 2003*):

538 (b) Filing and recording. Section 42a-9-310 determines the need for  
539 filing or recording to perfect a security interest, section 42a-9-317 [.]  
540 determines the persons who take subject to an unperfected security

541 interest, and sections 42a-9-311 and 42a-9-501 to [42a-9-518] 42a-9-526,  
542 inclusive, as amended by this act, determine the place for such filing or  
543 recording.

544 Sec. 22. Section 52-367a of the general statutes is repealed and the  
545 following is substituted in lieu thereof (*Effective October 1, 2003*):

546 (a) As used in this section and section 52-367b, the term "banking  
547 institution" means any bank, savings bank, savings and loan  
548 association or credit union organized, chartered or licensed under the  
549 laws of this state or the United States and having its main office in this  
550 state, or any similar out-of-state institution having a branch office in  
551 this state.

552 (b) Execution may be granted pursuant to this section against any  
553 debts due from any banking institution to a judgment debtor which is  
554 not a natural person. If execution is desired against any such debt, the  
555 plaintiff requesting the execution shall so notify the clerk, and the clerk  
556 shall issue such execution containing a direction that the officer  
557 serving the same shall make demand (1) upon the main office of any  
558 banking institution having its main office within the county of such  
559 officer, or (2) if such main office is not within such officer's county and  
560 such banking institution has one or more branch offices within such  
561 county, upon an employee of such a branch office, such employee and  
562 branch office having been designated by the banking institution in  
563 accordance with regulations adopted by the Commissioner of Banking,  
564 in accordance with chapter 54, for the payment of any debt due to the  
565 judgment debtor, and, after having made such demand, shall serve a  
566 true and attested copy thereof, with [his] such officer's actions thereon  
567 endorsed, with the banking institution officer upon whom such  
568 demand is made.

569 (c) If any such banking institution upon which such execution is  
570 served and upon which such demand is made is indebted to the  
571 judgment debtor, [it] the banking institution shall [pay to such officer,  
572 in the manner and at the time hereinafter described,] remove from the

573 judgment debtor's account the amount of such indebtedness not  
574 exceeding the amount due on such execution. [, to be received and  
575 applied on such execution by such officer.] Such banking institution  
576 shall act upon such execution according to section 42a-4-303 before its  
577 midnight deadline, as defined in section 42a-4-104. Nothing in this  
578 subsection shall be construed to affect any other rights or obligations  
579 of the banking institution with regard to funds in the judgment  
580 debtor's account.

581 (d) If the deposit account is subject to a security interest of a secured  
582 party, other than the banking institution upon which such execution is  
583 served and upon which such demand is made, pursuant to a control  
584 agreement between the banking institution and such secured party  
585 under article 9 of title 42a, and if any funds are removed from the  
586 judgment debtor's account pursuant to subsection (c) of this section,  
587 the banking institution shall forthwith mail a copy of the execution  
588 when received from the serving officer, postage prepaid, to the  
589 judgment debtor and to such other secured party at the last known  
590 address of such parties with respect to the affected accounts on the  
591 records of the banking institution. The banking institution shall hold  
592 the amount removed from the judgment debtor's account pursuant to  
593 subsection (c) of this section for twenty days from the date of the  
594 mailing to the judgment debtor and such other secured party, and  
595 during such period shall not pay the serving officer.

596 (e) To prevent the banking institution from paying the serving  
597 officer, as provided in subsection (h) of this section, such other secured  
598 party shall give notice of its prior perfected security interest in such  
599 deposit account, by delivering to the clerk of the court that issued the  
600 execution a written claim for determination of interests in property  
601 pursuant to section 52-356c and by delivering a copy of such claim to  
602 the banking institution upon which such execution is served.

603 (f) Upon receipt of a written claim for determination of interests in  
604 property made pursuant to subsection (e) of this section, the clerk of

605 the court shall enter the appearance of the secured party with the  
606 address set forth in the written claim. The clerk shall forthwith send  
607 file-stamped copies of the written claim to the judgment creditor, the  
608 judgment debtor and the banking institution upon which such  
609 execution was served with a notice stating that the disputed funds are  
610 being held until a court order is entered regarding the disposition of  
611 the funds.

612 (g) If a written claim for determination of interests in property is  
613 made pursuant to subsection (e) of this section, the banking institution  
614 shall continue to hold the amount removed from the judgment debtor's  
615 account until a court order is received regarding disposition of the  
616 funds.

617 (h) If no written claim for determination of interests in property is  
618 made pursuant to subsection (e) of this section, the banking institution  
619 shall, upon demand, forthwith pay the serving officer the amount  
620 removed from the judgment debtor's account, and the serving officer  
621 shall thereupon pay such sum, less such serving officer's fees, to the  
622 judgment creditor, except to the extent otherwise ordered by a court.

623 (i) If a written claim for determination of interests in property is  
624 made pursuant to subsection (e) of this section, the clerk of the court,  
625 after a judgment or order is entered pursuant to section 52-356c, shall  
626 forthwith send a copy of such judgment or order to the banking  
627 institution. Such judgment or order shall be deemed to be a final  
628 judgment for the purposes of appeal. No appeal shall be taken except  
629 within seven days of the rendering of the judgment or order. The  
630 judgment or order of the court may be implemented during such  
631 seven-day period, unless stayed by the court.

632 (j) If records or testimony are subpoenaed from a banking  
633 institution in connection with a hearing conducted pursuant to section  
634 52-356c on a written claim for determination of interests in property  
635 made pursuant to subsection (e) of this section, the reasonable costs  
636 and expenses of the banking institution in complying with the

637 subpoena shall be recoverable by the banking institution from the  
638 party requiring such records or testimony, provided the banking  
639 institution shall be under no obligation to attempt to obtain records or  
640 documentation relating to the account executed against that are held  
641 by any other banking institution. The records of a banking institution  
642 as to the dates and amounts of deposits into an account in the banking  
643 institution shall, if certified as true and accurate by an officer of the  
644 banking institution, be admissible as evidence without the presence of  
645 the officer in any hearing conducted pursuant to section 52-356c to  
646 determine the legitimacy of a claim of exemption made under  
647 subsection (e) of this section.

648 (k) If such banking institution fails or refuses to pay over to such  
649 officer the amount of such debt, not exceeding the amount due on such  
650 execution, such banking institution shall be liable in an action therefor  
651 to the judgment creditor named in such execution, and the amount so  
652 recovered by such judgment creditor shall be applied toward the  
653 payment of the amount due on such execution.

654 (l) Except as provided in subsection (k) of this section, no banking  
655 institution or any officer, director or employee of such banking  
656 institution shall be liable to any person with respect to any act done or  
657 omitted in good faith or through the commission of a bona fide error  
658 that occurred despite reasonable procedures maintained by the  
659 banking institution to prevent such errors in complying with the  
660 provisions of this section.

661 (m) Nothing in this section shall in any way restrict the rights and  
662 remedies otherwise available to a judgment debtor or to any such  
663 secured party at law or in equity.

664 Sec. 23. Section 52-367b of the general statutes is repealed and the  
665 following is substituted in lieu thereof (*Effective October 1, 2003*):

666 (a) Execution may be granted pursuant to this section against any  
667 debts due from any banking institution to a judgment debtor who is a

668 natural person, except to the extent such debts are protected from  
669 execution by sections 52-352a, 52-352b, 52-352c, of the general statutes,  
670 revision of 1958, revised to 1983, 52-354 of the general statutes, revision  
671 of 1958, revised to 1983, 52-361 of the general statutes, revision of 1958,  
672 revised to 1983 and section 52-361a, as well as by any other laws or  
673 regulations of this state or of the United States which exempt such  
674 debts from execution.

675 (b) If execution is desired against any such debt, the plaintiff  
676 requesting the execution shall notify the clerk of the court. In a IV-D  
677 case, the request for execution shall be accompanied by an affidavit  
678 signed by the serving officer attesting to an overdue support amount  
679 of five hundred dollars or more which accrued after the entry of an  
680 initial family support judgment. If the papers are in order, the clerk  
681 shall issue such execution containing a direction that the officer  
682 serving such execution shall, within seven days from the receipt by the  
683 serving officer of such execution, make demand (1) upon the main  
684 office of any banking institution having its main office within the  
685 county of the serving officer, or (2) if such main office is not within the  
686 serving officer's county and such banking institution has one or more  
687 branch offices within such county, upon an employee of such a branch  
688 office, such employee and branch office having been designated by the  
689 banking institution in accordance with regulations adopted by the  
690 Commissioner of Banking, in accordance with chapter 54, for payment  
691 of any such nonexempt debt due to the judgment debtor and, after  
692 having made such demand, shall serve a true and attested copy of the  
693 execution, together with the affidavit and exemption claim form  
694 prescribed by subsection (k) of this section, with the serving officer's  
695 actions endorsed thereon, with the banking institution officer upon  
696 whom such demand is made. If the officer serving such execution has  
697 made an initial demand pursuant to this subsection within such seven-  
698 day period, the serving officer may make additional demands upon  
699 the main office of other banking institutions or employees of other  
700 branch offices pursuant to subdivision (1) or (2) of this subsection,  
701 provided any such additional demand is made not later than forty-five



702 days from the receipt by the serving officer of such execution.

703 (c) If any such banking institution upon which such execution is  
704 served and upon which such demand is made is indebted to the  
705 judgment debtor, the banking institution shall remove from the  
706 judgment debtor's account the amount of such indebtedness not  
707 exceeding the amount due on such execution before its midnight  
708 deadline, as defined in section 42a-4-104. Notwithstanding the  
709 provisions of this subsection, if electronic direct deposits that are  
710 readily identifiable as exempt federal veterans' benefits, Social Security  
711 benefits, including, but not limited to, retirement, survivors' and  
712 disability benefits, supplemental security income benefits or child  
713 support payments processed and received pursuant to Title IV-D of  
714 the Social Security Act were made to the judgment debtor's account  
715 during the thirty-day period preceding the date that the execution was  
716 served on the banking institution, then a banking institution shall  
717 leave the lesser of the account balance or one thousand dollars in the  
718 judgment debtor's account, provided nothing in this subsection shall  
719 be construed to limit a banking institution's right or obligation to  
720 remove such funds from the judgment debtor's account if required by  
721 any other provision of law or by a court order. The judgment debtor  
722 shall have access to such funds left in the judgment debtor's account  
723 pursuant to this subsection. The banking institution may notify the  
724 judgment creditor that funds have been left in the judgment debtor's  
725 account pursuant to this subsection. Nothing in this subsection shall  
726 alter the exempt status of funds which are exempt from execution  
727 under subsection (a) of this section or under any other provision of  
728 state or federal law, or the right of a judgment debtor to claim such  
729 exemption. Nothing in this subsection shall be construed to affect any  
730 other rights or obligations of the banking institution with regard to the  
731 funds in the judgment debtor's account.

732 (d) If any funds are removed from the judgment debtor's account  
733 pursuant to subsection (c) of this section, upon receipt of the execution  
734 and exemption claim form from the serving officer, the banking

735 institution shall forthwith mail copies thereof, postage prepaid, to the  
736 judgment debtor and to any secured party that is party to a control  
737 agreement between the banking institution and such secured party  
738 under article 9 of title 42a at the [judgment debtor's] last known  
739 address of the judgment debtor and of any such secured party with  
740 respect to the affected accounts on the records of the banking  
741 institution. The banking institution shall hold the amount removed  
742 from the judgment debtor's account pursuant to subsection (c) of this  
743 section for fifteen days from the date of the mailing to the judgment  
744 debtor and any such secured party, and during such period shall not  
745 pay the serving officer.

746 (e) To prevent the banking institution from paying the serving  
747 officer, as provided in subsection (h) of this section, the judgment  
748 debtor shall give notice of a claim of exemption by delivering to the  
749 banking institution, by mail or other means, the exemption claim form  
750 or other written notice that an exemption is being claimed and any  
751 such secured party shall give notice of its claim of a prior perfected  
752 security interest in such deposit account by delivering to the banking  
753 institution, by mail or other means, written notice thereof. The banking  
754 institution may designate an address to which the notice of a claim of  
755 exemption, or a secured party claim notice, shall be delivered. Upon  
756 receipt of such notice, the banking institution shall, within two  
757 business days, send a copy of such notice to the clerk of the court  
758 which issued the execution.

759 (f) (1) Upon receipt of an exemption claim form or a secured party  
760 claim notice, the clerk of the court shall enter the appearance of the  
761 judgment debtor or such secured party with the address set forth in  
762 the exemption claim form or secured party claim notice. The clerk shall  
763 forthwith send file-stamped copies of the exemption claim form or  
764 secured party claim form to the judgment creditor and judgment  
765 debtor with a notice stating that the disputed funds are being held for  
766 forty-five days from the date the exemption claim form or secured  
767 party claim notice was received by the banking institution or until a

768 court order is entered regarding the disposition of the funds,  
769 whichever occurs earlier, and the clerk shall automatically schedule  
770 the matter for a short calendar hearing. The claim of exemption filed  
771 by such judgment debtor shall be prima facie evidence at such hearing  
772 of the existence of the exemption.

773 (2) Upon receipt of notice from the banking institution pursuant to  
774 subsection (c) of this section, a judgment creditor may, on an ex parte  
775 basis, present to a judge of the Superior Court an affidavit sworn  
776 under oath by a competent party demonstrating a reasonable belief  
777 that such judgment debtor's account contains funds which are not  
778 exempt from execution and the amount of such nonexempt funds.  
779 Such affidavit shall not be conclusory but is required to show the  
780 factual basis upon which the reasonable belief is based. If such judge  
781 finds that the judgment creditor has demonstrated a reasonable belief  
782 that such judgment debtor's account contains funds which are not  
783 exempt from execution, such judge shall authorize the judgment  
784 creditor to submit a written application to the clerk of the court for a  
785 hearing on the exempt status of funds left in the judgment debtor's  
786 account pursuant to subsection (c) of this section. The judgment  
787 creditor shall promptly send a copy of the application and the  
788 supporting affidavit to the judgment debtor and to any secured party  
789 shown on a secured party claim notice sent to the judgment creditor  
790 pursuant to subdivision (1) of this subsection. Upon receipt of such  
791 application, the clerk of the court shall automatically schedule the  
792 matter for a short calendar hearing and shall give written notice to  
793 [both] the judgment creditor, [and] the judgment debtor and any  
794 secured party shown on a secured party claim notice received by the  
795 clerk of the court. The notice to the judgment creditor pursuant to  
796 subsection (c) of this section shall be prima facie evidence at such  
797 hearing that the funds in the account are exempt funds. The burden of  
798 proof shall be upon the judgment creditor to establish the amount of  
799 funds which are not exempt.

800 (g) If an exemption claim is made or a secured party claim notice is

801 given pursuant to subsection (e) of this section, the banking institution  
802 shall continue to hold the amount removed from the judgment debtor's  
803 account for forty-five days or until a court order is received regarding  
804 disposition of the funds, whichever occurs earlier. If no such order is  
805 received within forty-five days of the date the banking institution  
806 sends a copy of the exemption claim form or notice of exemption or a  
807 secured party claim notice to the clerk of the court, the banking  
808 institution shall return the funds to the judgment debtor's account.

809 (h) If no claim of exemption or secured party claim notice is  
810 received by the banking institution within fifteen days of the mailing  
811 to the judgment debtor and any secured party of the execution and  
812 exemption claim form pursuant to subsection (d) of this section, the  
813 banking institution shall, upon demand, forthwith pay the serving  
814 officer the amount removed from the judgment debtor's account, and  
815 the serving officer shall thereupon pay such sum, less such serving  
816 officer's fees, to the judgment creditor, except to the extent otherwise  
817 ordered by a court.

818 (i) The court, after a hearing conducted pursuant to subsection (f) of  
819 this section, shall enter an order determining the issues raised by the  
820 claim of exemption and claim by a secured party of a prior perfected  
821 security interest in such deposit account. The clerk of the court shall  
822 forthwith send a copy of such order to the banking institution. Such  
823 order shall be deemed to be a final judgment for the purposes of  
824 appeal. No appeal shall be taken except within seven days of the  
825 rendering of the order. The order of the court may be implemented  
826 during such seven-day period, unless stayed by the court.

827 (j) If both exempt and nonexempt moneys have been deposited into  
828 an account, for the purposes of determining which moneys are exempt  
829 under this section, the moneys most recently deposited as of the time  
830 the execution is served shall be deemed to be the moneys remaining in  
831 the account.

832 (k) The execution, exemption claim form and clerk's notice

833 regarding the filing of a claim of exemption shall be in such form as  
834 prescribed by the judges of the Superior Court or their designee. The  
835 exemption claim form shall be dated and include a checklist and  
836 description of the most common exemptions, instructions on the  
837 manner of claiming the exemptions and a space for the judgment  
838 debtor to certify those exemptions claimed under penalty of false  
839 statement.

840 (l) If records or testimony are subpoenaed from a banking  
841 institution in connection with a hearing conducted pursuant to  
842 subsection (f) of this section, the reasonable costs and expenses of the  
843 banking institution in complying with the subpoena shall be  
844 recoverable by the banking institution from the party requiring such  
845 records or testimony, provided, the banking institution shall be under  
846 no obligation to attempt to obtain records or documentation relating to  
847 the account executed against which are held by any other banking  
848 institution. The records of a banking institution as to the dates and  
849 amounts of deposits into an account in the banking institution shall, if  
850 certified as true and accurate by an officer of the banking institution,  
851 be admissible as evidence without the presence of the officer in any  
852 hearing conducted pursuant to subsection (f) of this section to  
853 determine the legitimacy of a claim of exemption made under this  
854 section.

855 (m) If there are moneys to be removed from the judgment debtor's  
856 account, prior to the removal of such moneys pursuant to subsection  
857 (c) of this section, the banking institution shall receive from the serving  
858 officer as representative of the judgment creditor a fee of eight dollars  
859 for the banking institution's costs in complying with the provisions of  
860 this section which fee may be recoverable by the judgment creditor as  
861 a taxable cost of the action.

862 (n) If the banking institution fails or refuses to pay over to the  
863 serving officer the amount of such debt, not exceeding the amount due  
864 on such execution, such banking institution shall be liable in an action

865 therefor to the judgment creditor named in such execution for the  
866 amount of nonexempt moneys which the banking institution failed or  
867 refused to pay over, excluding funds of up to one thousand dollars  
868 which the banking institution in good faith allowed the judgment  
869 debtor to access pursuant to subsection (c) of this section. The amount  
870 so recovered by such judgment creditor shall be applied toward the  
871 payment of the amount due on such execution. Thereupon, the rights  
872 of the banking institution shall be subrogated to the rights of the  
873 judgment creditor. If such banking institution pays exempt moneys  
874 from the account of the judgment debtor over to the serving officer  
875 contrary to the provisions of this section, such banking institution shall  
876 be liable in an action therefor to the judgment debtor for any exempt  
877 moneys so paid and such banking institution shall refund or waive any  
878 charges or fees by the banking institution, including, but not limited to,  
879 dishonored check fees, overdraft fees or minimum balance service  
880 charges and legal process fees, which were assessed as a result of such  
881 payment of exempt moneys. Thereupon, the rights of the banking  
882 institution shall be subrogated to the rights of the judgment debtor.

883 (o) Except as provided in subsection (n) of this section, no banking  
884 institution or any officer, director or employee of such banking  
885 institution shall be liable to any person with respect to any act done or  
886 omitted in good faith or through the commission of a bona fide error  
887 that occurred despite reasonable procedures maintained by the  
888 banking institution to prevent such errors in complying with the  
889 provisions of this section.

890 (p) Nothing in this section shall in any way restrict the rights and  
891 remedies otherwise available to a judgment debtor or any such secured  
892 party at law or in equity.

893 (q) Nothing in this section shall in any way affect any rights of the  
894 banking institution with respect to uncollected funds credited to the  
895 account of the judgment debtor, which rights shall be superior to those  
896 of the judgment creditor.

897 (r) For the purposes of this subsection, "exempt" shall have the same  
898 meaning as provided in subsection (c) of section 52-352a. Funds  
899 deposited in an account that has been established for the express  
900 purpose of receiving electronic direct deposits of public assistance  
901 payments from the Department of Social Services shall be exempt.

902 Sec. 24. Subsection (c) of section 52-355a of the general statutes is  
903 repealed and the following is substituted in lieu thereof (*Effective*  
904 *October 1, 2003*):

905 (c) Any such judgment lien shall be effective, in the same manner  
906 and to the same extent as a similar security interest under the  
907 provisions of title 42a, for five years from the date of filing, provided  
908 the filing shall not give the judgment creditor any right to take  
909 possession of the personal property on which the lien has been placed  
910 other than by writ of execution or other judicial process. The lien may  
911 be extended for additional five-year periods in the same manner as a  
912 financing statement may be extended but shall not be extended  
913 beyond the period of enforceability of the judgment. Any such  
914 property on which a lien has been placed may be executed against and  
915 levied on by the judgment creditor in the same manner as other  
916 personal property of the judgment debtor. The fact that a judgment  
917 creditor has no right under this subsection to take possession of the  
918 personal property on which the lien has been placed other than by writ  
919 of execution or other judicial process shall not be a defense in a  
920 conversion action brought by such judgment creditor for impairment  
921 of such judgment lien.

922 Sec. 25. Subsection (e) of section 42a-2A-702 of the general statutes is  
923 repealed and the following is substituted in lieu thereof (*Effective*  
924 *October 1, 2003*):

925 (e) (1) In this subsection, "electronic self-help" means the use of  
926 electronic means to exercise a term of the lease agreement with respect  
927 to the lessor's [rights] right to take possession of the leased goods or,  
928 without removal, to render the leased goods unusable on the lessee's

929 premises, and includes the use of electronic means to locate leased  
930 goods.

931 (2) Electronic self-help is permitted only if the lessee separately  
932 agrees to a term of the lease agreement authorizing electronic self-help  
933 that requires notice of exercise as provided in subdivision (3) of this  
934 subsection. The lessee is deemed to have separately agreed to a term in  
935 a lease agreement authorizing electronic self-help if a clause is  
936 included in a lease agreement authenticated by the debtor that  
937 specifically states that electronic self-help is authorized.

938 (3) Before resorting to electronic self-help authorized by a term of  
939 the lease agreement, the lessor shall give notice to the lessee stating:

940 (A) That the lessor intends to resort to electronic self-help as a  
941 remedy on or after fifteen days following communication of the notice  
942 to the lessee;

943 (B) The nature of the claimed breach which entitled the lessor to  
944 resort to electronic self-help; and

945 (C) The name, title, address and telephone number of a person  
946 representing the lessor with whom the lessee may communicate  
947 concerning the lease agreement.

948 (4) A lessee may recover damages, including incidental damages,  
949 caused by wrongful use of electronic self-help. The lessee may also  
950 recover consequential damages for wrongful use of electronic self-help  
951 even if such damages are excluded by the terms of the lease  
952 agreement.

953 (5) Even if the lessor complies with subdivisions (2) and (3) of this  
954 subsection, electronic self-help may not be used if the lessor has reason  
955 to know that such use will result in substantial injury or harm to the  
956 public health or safety or grave harm to the public interest  
957 substantially affecting third parties not involved in the dispute.



958       Sec. 26. Subsection (f) of section 32-23f of the general statutes is  
959 repealed and the following is substituted in lieu thereof (*Effective*  
960 *October 1, 2003*):

961       (f) The principal of and interest on bonds or notes issued by the  
962 authority may be secured by a pledge of any revenues and receipts of  
963 the authority derived from any project and may be additionally  
964 secured by a mortgage or deed of trust covering all or any part of a  
965 project, including any additions, improvements, extensions to or  
966 enlargements of any projects thereafter made. Such bonds or notes  
967 may also be secured by a pledge or assignment of a loan agreement,  
968 conditional sale agreement or agreement of sale or by an assignment of  
969 the lease of any project for the construction and acquisition of which  
970 said bonds or notes are issued and by an assignment of the revenues  
971 and receipts derived by the authority from such project. The payments  
972 of principal and interest on such bonds or notes may be additionally  
973 secured by a pledge of any other property, revenues, moneys, or funds  
974 available to the authority for such purpose. The resolution authorizing  
975 the issuance of any such bonds or notes and any such mortgage or  
976 deed of trust or lease or loan agreement, conditional sale agreement or  
977 agreement of sale or credit agreement may contain agreements and  
978 provisions respecting the establishment of reserves to secure such  
979 bonds or notes, the maintenance and insurance of the projects covered  
980 thereby, the fixing and collection of rents for any portion thereof leased  
981 by the authority to others or the sums to be paid under any conditional  
982 sale agreement or agreement of sale entered into by the authority with  
983 others, the creation and maintenance of special funds from such  
984 revenues and the rights and remedies available in the event of default,  
985 the vesting in a trustee or trustees of such property, rights, powers and  
986 duties in trust as the authority may determine, which may include any  
987 or all of the rights, powers and duties of any trustee appointed by the  
988 holders of any bonds and notes and limiting or abrogating the right of  
989 the holders of any bonds and notes of the authority to appoint a trustee  
990 under this chapter, chapter 578 and subsection (a) of section 10-320b,  
991 or limiting the rights, powers and duties of such trustee; provision for

992 a trust agreement by and between the authority and a corporate trust  
993 which may be any trust company or bank having the powers of a trust  
994 company within or without the state, which agreement may provide  
995 for the pledging or assigning of any revenues or assets or income from  
996 assets to which or in which the authority has any rights or interest, and  
997 may further provide for such other rights and remedies exercisable by  
998 the trustee as may be proper for the protection of the holders of any  
999 bonds or notes and not otherwise in violation of law, and such  
1000 agreement may provide for the restriction of the rights of any  
1001 individual holder of bonds or notes of the authority and may contain  
1002 any further provisions which are reasonable to delineate further the  
1003 respective rights, duties, safeguards, responsibilities and liabilities of  
1004 the authority; persons and collective holders of bonds or notes of the  
1005 authority and the trustee; and covenants to do or refrain from doing  
1006 such acts and things as may be necessary or convenient or desirable in  
1007 order to better secure any bonds or notes of the authority, or which, in  
1008 the discretion of the authority, will tend to make any bonds or notes to  
1009 be issued more marketable notwithstanding that such covenants, acts  
1010 or things may not be enumerated herein; and any other matters of like  
1011 or different character, which in any way affect the security or  
1012 protection of the bonds or notes, all as the authority shall deem  
1013 advisable and not in conflict with the provisions hereof. Each pledge,  
1014 agreement, mortgage and deed of trust made for the benefit or security  
1015 of any of the bonds or notes of the authority shall be in effect until the  
1016 principal of and interest on the bonds or notes for the benefit of which  
1017 the same were made have been fully paid, or until provision has been  
1018 made for payment in the manner provided in the resolution or  
1019 resolutions authorizing their issuance. Any pledge made in respect of  
1020 such bonds or notes shall be valid and binding from the time when the  
1021 pledge is made; the revenues, money or property so pledged and  
1022 thereafter received by the authority shall immediately be subject to the  
1023 lien of such pledge without any physical delivery thereof or further  
1024 act; and the lien of any such pledge shall be valid and binding as  
1025 against all parties having claims of any kind in tort, contract or

1026 otherwise against the authority irrespective of whether such parties  
 1027 have notice thereof. Neither the resolution, trust indenture nor any  
 1028 other instrument by which a pledge is created need be recorded. The  
 1029 resolution authorizing the issuance of such bonds or notes may  
 1030 provide for the enforcement of any such pledge or security in any  
 1031 lawful manner. The authority may elect [, notwithstanding the  
 1032 exclusions provided in subdivision (14) of subsection (d) of section  
 1033 42a-9-109,] to have the provisions of title 42a, the Connecticut uniform  
 1034 commercial code, apply to any pledge made by or to the authority to  
 1035 secure its bonds or notes by filing a financing statement with respect to  
 1036 the security interest created by the pledge [ In each] and, in such case,  
 1037 the financing statement shall be filed as if the debtor were located in  
 1038 this state.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>October 1, 2003</i>
Sec. 4	<i>October 1, 2003</i>
Sec. 5	<i>October 1, 2003</i>
Sec. 6	<i>October 1, 2003</i>
Sec. 7	<i>October 1, 2003</i>
Sec. 8	<i>October 1, 2003</i>
Sec. 9	<i>October 1, 2003</i>
Sec. 10	<i>October 1, 2003</i>
Sec. 11	<i>October 1, 2003</i>
Sec. 12	<i>October 1, 2003</i>
Sec. 13	<i>October 1, 2003</i>
Sec. 14	<i>October 1, 2003</i>
Sec. 15	<i>October 1, 2003</i>
Sec. 16	<i>October 1, 2003</i>
Sec. 17	<i>October 1, 2003</i>
Sec. 18	<i>October 1, 2003</i>
Sec. 19	<i>October 1, 2003</i>
Sec. 20	<i>October 1, 2003</i>
Sec. 21	<i>October 1, 2003</i>
Sec. 22	<i>October 1, 2003</i>

Sec. 23	<i>October 1, 2003</i>
Sec. 24	<i>October 1, 2003</i>
Sec. 25	<i>October 1, 2003</i>
Sec. 26	<i>October 1, 2003</i>

***Statement of Purpose:***

To make various technical, minor and conforming changes to the Uniform Commercial Code and other statutes that concern secured transactions, and to revise the bank execution statutes to give notice to persons who claim a prior perfected security interest in a deposit account that is being executed against and an opportunity to make a claim against such deposit account.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. ABRAMS, 83rd Dist.

H.B. 5099